

COMMITTEE ON PETITIONS

(FOURTEENTH LOK SABHA)

TWENTIETH REPORT

MINISTRY OF FINANCE



LOK SABHA SECRETARIAT
NEW DELHI

December, 2006/Agrahayana, 1928 (Saka)

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(FOURTEENTH LOK SABHA)
MINISTRY OF FINANCE

(Presented to Lok Sabha on 19.12.2006)



LOK SABHA SECRETARIAT
NEW DELHI
December, 2006/Agrahayana, 1928 (Saka)

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COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Prabhunath Singh—*Chairman*

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2. Shri Shingada Damodar Barku
3. Shri Nandkumar Singh Chauhan
4. Shri N.S.V. Chitthan
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SECRETARIAT

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| 3. Shri A.K. Singh | — | <i>Director</i> |
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| 5. Smt. Jagriti Tewatia | — | <i>Committee Officer</i> |

TWENTIETH REPORT OF THE COMMITTEE ON PETITIONS
(FOURTEENTH LOK SABHA)

INTRODUCTION

I, the Chairman, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Twentieth Report (Fourteenth Lok Sabha) of the Committee to the House on the following matter:

- (i) Representation from Shri S. Nagendra Swamy, Mysore, Karnataka requesting for consideration for appointment/promotion of Hearing Handicapped persons to the grade of Inspector of Central Excise (Group 'C').
- (ii) Representation from Shri Jai Shankar Singh, Harinagar, Ashram, New Delhi and countersigned by Shri Ranjan Singh, MP, regarding complaint against the Insurance Company.
- (iii) Representation from Smt. Sonia Jain, widow of late Shri Navin Kumar Jain, Saharanpur, UP regarding appointment of her son in SBI, Saharanpur on compassionate ground.
- (iv) Representation from Shri Nandan Prasad and other Agents of Danapur Office of LIC regarding grabbing of LIC money through fraudulent diversion of commission to outstation Branch of Life Insurance Corporation of India, Danapur Branch Office under Patna Divisional Office, Patna, Bihar.
- (v) Representation from Shri Om Prakash, working president and other, ISSP/ CNP Staff Union, Nashik, Maharashtra and countersigned by Shri Dharmendra Pradhan, MP, regarding corporation of the Security Printing Pressses, Government of India Mints and Security Printing and Minting Corporation of India.
- (vi) Representation from Shri Praful Kumar Singh, Distt. Nalanda, Bihar counter-signed by S/Shri Vijoy Krishna, Ganesh Prasad Singh and Sita Ram Singh, MPs requesting for his permanent absorption in LIC.

2. The Committee considered and adopted the draft Twentieth Report at their sitting held on 18th December, 2006.

3. The Observations/Recommendations of the Committee on the above matter have been included in the Report.

NEW DELHI;
18 December, 2006

27 Agraphayana, 1928 (Saka)

PRABHUNATH SINGH,
Chairman,
Committee on Petitions.

CHAPTER I

REPRESENTATION OF SHRI S. NAGENDRASWAMY FOR APPOINTMENT/ PROMOTION OF HEARING HANDICAPPED PERSONS TO THE GRADE OF INSPECTOR ETC. IN CENTRAL EXCISE AND CUSTOMS

1.1 Shri S. Nagendra Swamy, Sri Gurumalleswara Nilaya, L-79, First State (KHB), Kuvempunagar, Mysore (Karnataka) submitted a representation requesting for appointment/promotion of hearing handicapped persons to the grade of Inspector etc. in Central Excise and Customs.

1.2 In the said representation, the petitioner had submitted that he was appointed as Direct Recruit-Upper Division Clerk (UDC) under PH (Physically Handicapped—Hearing Handicapped) category through Staff Selection Commission of India and joined the Central Excise Department on 26.04.1995. He was confirmed in the grade of UDC *w.e.f.* 26.04.1997. He passed the Promotion Examination of Ministerial Officers for promotion to the grade of Tax Assistant and Inspector of Central Excise held in June-1997 *vide* B'lore-I-Commissionerate Estt. Order No. 52/97 dated 03.11.1997, in first attempt and qualified for both the post of Tax Assistant and Inspector of Central Excise. Further, he also passed in Computer application Examination *vide* E.O. No. 33/2003 dated 29.12.2003 and was exempted from passing the Law paper as he had graduated with B.Com and L.L.B. degree.

But, the Commissioner of Central Excise, Bangalore-I-Commissionerate, Bangalore (Cadre Controlling Commissionerate) has denied promotion to Inspector of Central Excise as per Ministry's letter F.No. B-12017/5/91-AD III B dated 13.07.1993 circulated *vide* B'lore-I E.G.S.O. No. 45/93 dated 18.08.1993 by categorically stating that the post of Inspector of Central Excise has not been identified as suitable for appointment of physically handicapped persons *vide* his letter C.No. II/3/10(a)/2003 Estt. A dated 25.02.2003.

1.3 The Petitioner has further stated that, the Department of Revenue has clarified *vide* letter F.No. A 32011/16/2005 AD.III.A dated 16.04.2005 that only the Orthopaedically Handicapped persons are eligible for the post of Inspector of Central Excise and Customs and Hearing Impaired persons are not eligible for consideration for the post of Inspector of Central Excise and Customs.

After issue of Ministry's above letter, the Commissioner of Central Excise, Bangalore-I-Commissionerate, Bangalore has appointed Orthopaedically Handicapped persons only for the post of Inspector of Central Excise (Direct Recruit through Staff Selection Commission of India) *vide* Estt. Order No. 80/2005 dated 10.06.2005 and called for Physical Test/Physical Standard Test for promotion to Inspector of PH category in respect of Orthopaedically Handicapped persons only in accordance with the clarification of CBEC (Deptt. of Revenue) *vide* Commissioner's letter C.No. II/3/36/2005 Estt. Dated 27.06.2005.

1.4 He has further submitted that, the hearing handicapped persons are not physically weak when compared to orthopaedically handicapped persons. On the

contrary, they are having more physical strength than orthopaedically handicapped and are suitable to work as Inspector since, there are many good quality digital hearing aids available in the country, which makes no difference between a hearing handicapped persons and a normal person. They are also capable to get training in Parade, Swimming and shooting etc. as desired by a normal persons in compulsory induction course for Inspectors.

1.5 He had further stated that, he has already compined service in the grade of UDC and STA (redesignation of UDC) without any promotion during his service even though he had fulfilled all the conditions/examinations etc. for promotion to the next higher cadre, However, his juniors with minimum 2 years of service in the grade of UDC have already been promoted to the grade of Inspector of Central Excise in earlier years. (The Pay Scale of Inspector is Rs. 6500-200-10500 whereas Pay Scale of UDC/STA is Rs. 4000-100-6000/500-15-8000). They are enjoying higher social status and monetary benefits, whereas he is still in the same place in respect of social status and standard of living. At present he is working as a Senior Tax Assistant, at Office of the Assistant Commissioner of Central Excise, Division-II, Mysore.

There are places like Technical/Legal/Appeal/Adjudication/Audit/Review/Statistics etc. in the Central Excise Department for Inspector of PH category. Previously UDC/LDC's including PH category were working in the sections stated above. Recently Inspectors are replaced in their places. Therefore, there is no difficulty for PH persons to work in the said section as Inspectors. Also, Physically Handicapped category were working in Audit section as well touring in audit team, in some of the Commissionerate alongwith Inspectors. In otherwords PH persons are to work in the above said place as Inspector of Central Excise (Group 'C' Cadre). Moreover, the Hon'ble Prime Minister of India has already approved appointment of PH persons for Executive post of I.R.S. Rank (Indian Revenue Service).

1.6 He has, submitted that, the Orthopaedically Handicapped category persons are also enjoying higher social and monetary benefits specially, those who are appointed/promoted as Inspector of Central Excise and Customs, whereas Hearing Handicapped category persons still remain in the same place in respect of social status and standard of living and economically backward as they are not promoted as Inspector/Superintendent/AC-Class I. However, he has not been promoted to higher grade during his service in the department even though he fulfills all the conditions, qualification of B.Com and L.L.B degrees. This results in monetary losses and also lower social status thereby causing depression, frustration and dissatisfaction to him.

1.7 He has finally requested to consider his request and to issue an order stating that Hearing Handicapped category persons are also eligible for appointment/promotion as Executive cadre *i.e.* Inspector/Superintendent/AC or Central Excise and Custom in the Department of Revenue/CBEC, for which act of kindness all Hearing Handicapped category persons shall ever remain thankful.

1.8 The Committee took up the representation for examination under Direction 95 A of the Directions by the Speaker. The representation was forwarded to the Ministry of Finance (Department of Revenue) on 17th July, 2006 for furnishing their comments on the issues raised therein.

1.9 In response, the Ministry of Finance (Department of Revenue) *vide* their communication dated 4th July, 2006 furnished the following comments:—

"The posts of Inspector (Central Excise), Inspector (P.O.) and Inspector (Examiner) had not been identified as suitable for appointment of physically handicapped (PH) persons, no reservation was admissible to the PH persons against these posts.

Section 33 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and full Participation) Act, 1955 provides that every appropriate Government shall appoint in every establishment such percentage of vacancies not less than three per cent for persons or class of persons with disabilities of which one per cent each shall be reserved for persons suffering from:—

- (i) Blindness or low vision;
- (ii) Hearing impairment;
- (iii) Locomotors disability or cerebral palsy,

in the post identifies for each disability:

Provided that the appropriate Government may, having regard to type of work carted on in any department of establishment by notification subject so such conditions, if any, as may be specified in such notification, exempt any establishment from the provisions of the section.

The Ministry of Social Justice and Empowerment (MSJE) *vide* their Notification No. 3-13/96-HOW-III dated 2.7.1999, constituted an Expert Committee in pursuance of Section 32 of the Act to identify/review the posts in Group 'A' 'B' 'C' and 'D' to be reserved for the persons with disabilities in the Ministries/ Departments and Public Sector Undertakings. The Expert Committee identified one leg affected persons as suitable for the post of Inspector/Preventive Officer/Examiner in the Excise and Customs Department, *vide* their notification dated 31.5.2001.

A proposal was referred to MSJE in July, 2002 seeking complete exemption from the appointment PH persons in the cadre of Inspectors. This was considered by the Inter-Departmental Committee (IDC) of MSJE in a meeting held on 18.5.2004. It was observed by the Chairperson that disabled persons with one defective arm/ leg could with assistive devices perform such duties satisfactorily. It was decided that the Department would in consultation with Director, National Institute Orthopaedically (NIOH) set up physical parameters for recruitment of one leg/arm affected persons to these posts and approach the committee only if it still considered it necessary to seek exemption.

Even though the Central Board of Excise and Customs. (The Board) initially agreed with the above decision of MSJE, keeping in view that the duties of the executive officers require a high degree of physical fitness, mobility and reflexes and they often have to confront smugglers and other anti-social elements and in many cases their lives remain in danger as they are chased by smugglers and also that the Expert Committee constituted by the Ministry of Social Justice and Empowerment has identified one leg affected persons suitable for these posts, the Board reviewed its earlier decision and decided to consider one-leg affected

persons for recruitment/promotion the posts of Inspector (C. Ex.), Inspector (P.O.) and Inspector (Examiner) against the 3% quota reserved for Physical Handicapped Persons. It also decided that candidates recruited/promoted under Physically Handicapped category may be allowed to join provisionally subject to their passing the physical test at a later stage, after the new physical parameters for this category are evolved in consultation with NIOH, Kolkata, necessary instructions in this regard have already been issued to the Chief Commissioners of Central Excise & Customs.

It may be relevant to mention here that a representation dated 8.3.2005 earlier received from Shri Nagendra Swamy through the Prime Minister's Office was considered by the Board and it was decided that since Nagendra Swamy is a hearing impaired person and the benefit for promotion of PHP is limited to the orthopaedically handicapped persons, he was not eligible for promotion to the post of Inspector, and a reply was sent to him to this effect."

1.10. The Ministry have further submitted in their brief note dated 04.08.2004 as follows:

"The issue raised by Shri S. Nagendra Swamy has been considered by the Board. The Board has decided to consider his case sympathetically for promotion to the grade of Inspector Central Excise subject to his being found suitable for carrying out the duties of Inspector as claimed by Shri Swamy in his representation. Necessary Instructions in this regard are being issued to the Chief Commissioner of Central Excise and Customs, Mysore Zone as well as the Commissioner Central Excise, Mysore."

1.11 The Committee also took oral evidence of the Representatives of the Ministry of Finance (Department of Revenue) on 18.09.2006.

1.12. The Committee desired to know about the latest progress made in the case. In response, the witness submitted before the Committee that:—

"Initially, it was relating to promotion to the position of Inspector, the Board had some reservations regarding promoting handicapped people to a position where a lot of physical activity is involved, including anti-smuggling operations, and so on. But, they have subsequently reconsidered this whole issue, and they have now issued orders promoting not only Shri Nagendra Swamy, he has been considered for promotion to the grade of Inspector by holding a Review DPC for the year 2002-03, but also they have promoted another officer, Shri V. Jagadeesha, a Senior Tax Assistant, who was in the same category. So, the action is now complete on this."

Observations/Recommendations

1.13. The Committee note from the above submissions that the petitioner had joined as UDC under Physically Handicapped (PH) category through Staff Selection Commission of India in Central Excise Department on 26.04.1995 and got confirmed. w.e.f. 24.4.1997. He, then, passed the Promotion Examination of Ministerial Officers for promotion to the grade of Tax Assistant and Inspector or Central Excise and qualified for both these posts in his first attempt. He had also passed in Computer application examination and was exempted from passing the Law paper as, he had graduated with B. Com and L.L.B. degrees.

1.14. The Committee further note that, despite qualifying in all the required exams, the petitioner was denied promotion as Inspector of Central Excise by the Commissioner of Central Excise, Bangalore-I-Commissionerate, Bangalore on the grounds that the post of Inspector of Central Excise has not been identified as suitable for appointment of Physically Handicapped persons. The Ministry of Finance, Department of Revenue *vide* their letter No. 32011/06/2005 Ad. III.A dated 16.04.2005 clarified that only the Orthopaedically Handicapped persons are eligible to the post of Inspector of Central Excise and Customs and that the hearing impaired persons are not eligible for consideration for the post. The Committee were informed that the Ministry of Social Justice and Empowerment (MSJE), *vide* their Notification No. 3-13/96-HOW-III dated 02.07.1999, constituted an Expert Committee in pursuance of Section 32 of the persons with Disabilities (Equal Opportunities, Protection of Rights and full Participation) Act, 1995 to identify/review the posts in Group 'A', 'B', 'C' and 'D' to be reserved for the persons with disabilities in the Ministries/ Departments and Public Sector Undertakings. The Expert Committee identified one leg affected persons as suitable for the post of Inspector/Preventive Officer/ Examiner in the Excise and Customs Department, *vide* their notification dated 31.05.2001. Thus, according to the Ministry, in the present case, the petitioner was not eligible for promotion to the post of Inspector.

1.15. The Committee are surprised to note that while the orthopaedically handicapped persons are eligible for consideration for promotion to the post Preventive Officer/Examiner and Inspector, the persons in the hearing impaired category have been deprived of the same benefit. The reasoning behind this decision sums to defy all logic more so when in the present times a hearing impaired person can effectively overcome his handicap by modern hearing aids. This clearly shows that the process of identification to posts to be reserved for the persons with disabilities in various categories in Government/Public Sector Undertakings was far from being realistic and satisfactory. The Committee regret to point out that this attitude tends to defeat the underlying objectives behind the legislation meant for the development of the physically challenged people. The Committee are of the considered view that the system for identification of posts to be reserved for persons with disabilities in the Ministries/Departments and Public Sector Undertakings needs a more realistic approach and calls for a review.

1.16. During evidence, the Secretary, Ministry of Finance, Department of Revenue deposed before the Committee that the petitioner's case has now been reconsidered sympathetically for promotion to the grade of Inspector Central Excise and they have now issued orders promoting Shri Nagendra Swamy for promotion to the grade of Inspector and Shri V. Jagadeesha, a Senior Tax Assistant, who was in the same category. The Committee, note with satisfaction that through their intervention, the petitioner's grievance has been redressed. However, they desire concrete action on their recommendations in the paragraphs above.

CHAPTER II

REPRESENTATION FROM SHRI JAI SHANKAR SINGH, HARI NAGAR, ASHRAM, NEW DELHI AND COUNTERSIGNED BY SHRI RAJIV RANJAN SINGH, MP, REGARDING COMPLAINT AGAINST THE INSURANCE COMPANY

2.1 Shri Rajiv Ranjan Singh, MP forwarded a representation signed by Shri Jai Shankar Singh r/o H. No. 53 A, Hari Nagar, Ashram, New Delhi-14 regarding complaint against the Insurance Company.

2.2 In the representation, the petitioner *inter-alia* stated that, he got his vehicle, Tata Sumo insured on 25.05.2004. His complaint against the Insurance Company is that when they renewed insurance of his vehicle, they asked him if he has got any claim, he informed them that, he has submitted his claim but has not got it so far. Then they asked him to sign a paper. Since, he had not got the claim, he signed that paper. After that, Insurance Company gave him rebate of Rs. 1200. But unfortunately, on December 19 his vehicle was stolen, about which he informed the police and the Insurance Company. Besides this, he also furnished all the documents related to the vehicle to them. But he has not got the insurance amount till date. On contacting the Insurance Company, they told him that he has got one claim and the Company has also paid him the bonus, thus his policy is being cancelled. He then, met the Manager Shri B.P. Yadav and he told him that as he has received one claim his policy is being cancelled. He told them that, he got his vehicle insured on 25.05.2004 and got the claim in the end of September. His claim was sanctioned for Rs. 6690 from the Insurance Department, Delhi but he has received Rs. 4500 only from Patna, that too after four months, whereas he had got his vehicle repaired at A-one-Motors, Mathura Road, New Delhi and paid them Rs. 6690. When he asked Shri Atul Kumar Sharma as to why he did not ask his Branch office, Patna whether he had been paid any claim upto 25.05.2004, Shri Atul Kumar Sharma handed him a letter which was addressed to The New India Insurance, Patna. But they have not given any reply to it so far.

2.3 The petitioner has, therefore, desired to know as to why reply of this letter has not been given by the New India Insurance office at Patna and on what grounds, his policy of Rs. 3 lakh 60 thousand has been cancelled.

2.4 The representation was taken up for examination by the Committee under Direction 95 of the Directions by the Speaker. The representation was forwarded to the Ministry of Finance (Department of Economic Affairs Insurance Division) on 17.07.2006 for furnishing their comments on the issues raised therein.

2.5 In response, the Ministry of Finance (Department of Economic Affairs—Insurance Division) *vide* their OM. dated 14.08.2006 furnished the following comments:—

"The New India Assurance Company Limited (NIACL) has reported that Shri Jai Shankar Singh had proposed to insure his Sumo vehicle at Delhi office

of the New India, whereas his previous policy was taken from the Patna Office. Shri Singh while proposing for renewal for his vehicle signed a declaration on the proposal form mentioning therein:—

"I/we declare that the rate of NCB claim by me/us is correct and that no claim as arisen in the expiring policy period. I/we further undertake that if this declaration is found to be incorrect, all benefits under the policy in respect of section 1 of the policy will stand forfeited."

The New India has further reported that the General rule of All India Motor Tariff (GR 27 No. Claim Bonus) states in the sub-para (f) as under:—

"In the event of the insured, transferring his insurance from one insurer to another insurer, the transferee insurer may allow the same rate of NCB which the insured would have received from the previous insurer. Evidence of the insured's NCB entitlement either in the form of a renewal notice or a letter confirming the NCB entitlement from the previous insurer will be required for this purpose. Where the insured is unable to produce such evidence of NCB entitlement from the previous insurer, the claimed NCB may be permitted after obtaining from the insured a declaration as mentioned above."

Notwithstanding the declaration, the insurer allowing the NCB will be obliged to write to the policy issuing office of the previous insurer by recorded delivery calling for confirmation of the entitlement and rate of NCB for particular insured and the previous insurer shall be obliged to provide the information sought within 30 days of receipt of letter of enquiry failing which the letter will be treated as a breach of Tariff on the part of the previous insurer. Failure of the insurer's granting the NCB to write to the previous insurer within 21 days after granting the cover will also constitute a breach of Tariff.

The New India has also reported that the proposal form alongwith the said declaration by the proposer is part of the India Motor Tariff and is to be read with the policy at the time of any claim. Further, the insured having full knowledge of his pending claim with the Patna Office concealed the fact and misrepresented that there was 0 claim and he is entitled to NCB. While taking the insurance, Shri Singh signed the aforesaid declaration.

While processing his theft claim, the underwriter has invoked GR-27 of All India Motor Tariff and repudiated the liability which was in order and as per the provisions of the all India Motor Tariff which governs the Motor Insurance of India for all the insurers and the insuring public.

It has also been reported that the complainant has filed an appeal before the Hon'ble Court of Delhi being aggrieved by the decision of repudiation of his claim by the Insurance Company. As such, the matter is sub-judice before the Hon'ble High Court."

2.6. The Committee also took oral evidence of the representatives fo the Ministry of Finance on 18.09.2006.

2.7. While tendering oral evidence before the Committee the witness gave a brief account of the case and submitted before the Committee that, the petitioner had taken insurance cover for his vehicle which met with an accident on 26.03.2006 from the New India Assurance Company, Patna. This claim was being processed and he got the same on 18.09.2004. In the mean time the Insurance became due for renewal *w.e.f.* 25.05.2004. For renewal of the Insurance policy, the petitioner applied at New Delhi. While

applying, for the same, he was asked if, he has taken any claim or not. To which he declared that, no claim has been taken by him. Based on this, he was given a rebate of 20% In his next policy. After wards, this vehicle got stolen on 19.12.2004. He, then lodged his claim for vehicle theft with New India Assurance Company. While processing this claim, it came to the notice of the Company that he has filed another claim for the accident of the vehicle. In such circumstances, the tariff Advisory Committee decides as to what will the terms and conditions of the Insurance Policy etc. It was found that, he had submitted wrong declaration because of which his claim was stopped. The question that arises is that when he had one claim why did he file false affidavit? Due to this wrong information, his future claims have finished. As, there are two components in vehicle insurance for damage of vehicle and second, for injury caused to someone while plying the vehicle on road. The second part of the Insurance will continue but the first will end. His first part of the Insurance Claim has finished because of his wrong declaration. He has also filed a case in Hon'ble High Court which is pending. Thus, the matter is *sub-judice*.

2.8 The Ministry in their written note have further submitted that NIACL has informed that the Writ Petition No. 6409/06 has been filed before Hon'ble Delhi High Court in April 2006 and the next date of hearing for the same has been fixed by hon'ble Court on 12.12.2006 with instructions for service of notice to Insurance Regulatory and Development Authority (IRDA) and for filing of reply.

2.9 The Committee then pointed out that the petitioner has submitted that when he had gone to apply for renewal of his policy, he had submitted that, he has applied for the claim but has not received the same. After that, he was asked to sign a paper which he signed understanding that his claim will be settled. However, later on his claim was stopped.

2.10 When asked about the justification for penalising a person who is not aware of the clauses of the policy and specially when he had truly submitted that, he has not received any claim because he had got the claim after getting the policy renewed, the ministry *vide* their written reply, submitted as follows:

"NIACL has reported that insurance is granted on the principle of Utmost Good Faith and all declarations by the proposer have bearing on the acceptance and issuance of the policy and settlement of claim as and when the same arises. Moreover since, the declaration made in regard to NCB is material to acceptance of proposal and granting of insurance cover and non verification of the same is viewed very seriously by the Auditors. If any claim is paid to the claimant without verifying the declaration regarding NCB from the previous insurer, Auditors make mention in their report and the same will be treated as violation of Tariff which is viewed as serious offence. The provisions of the Tariff requires the declaration in respect to arising/lodging of claim in the expiring policy and not in respect to the payment of the same."

2.11. As regards the system prevailing to keep check on such false claims of NCB the Ministry submitted as follows:

"NIACL has confirmed that NCB claim are granted on the undertaking given by the insured person and procedures laid down in the tariff for verification of the same are followed by the policy issuing office. All NCB granted by policy

issuing office are checked and verified by our Internal Auditors and on their report action is taken by the controlling officer. Any claim payment without confirming NCB is recoverable from the erring official."

Observations/Recommendations

2.12. The Committee note from the above submissions that the Petitioner got his vehicle, Tata Sumo insured by New India Assurance Company Limited (NIACL), Patna office and the same expired on 22.05.2004. The Petitioner got this insurance renewed on 25.05.2004 at Delhi office of NIACL. While proposing for renewal for his vehicle the petitioner had signed a declaration on the proposal from mentioning therein: "I/we declare that the rate of NCB claim by me/us is correct and that no claim has arisen in the expiring policy period. I/we further undertake that if this declaration is found to be incorrect, all benefits under the policy in respect of section 1 of the policy will stand forfeited."

2.13. The Committee also note that the vehicle had met with an accident on 26.03.2006. This claim was being processed from NIACL, Patna in the meantime the Insurance became due for renewal w.e.f. 25.05.2004. The petitioner applied for renewal of his policy at New Delhi Branch. While applying for renewal he had submitted that no claim has been taken by him. He was, thus, given a rebate of 20% as No Claim Bonus (NCB) in his renewed policy. However, when his vehicle got stolen on 19.12.2004, he then lodged his claim for vehicle theft with NIACL, Delhi. While processing this claim, it came to the notice of the company that he has taken another claim of Rs. 4542/- for accident of the vehicle. Thus, it was found that the petitioner had submitted wrong declaration and had concealed the fact of his pending claim with the Patna office that there was no claim that is entitled to NCB. This is treated as violation of Tariff which is viewed as serious offence.

2.14. The Committee, however, note that though the petitioner had applied for his accident claim, but he had not received the same at the time he had applied for renewal of his policy. He had, therefore, informed the officials of NIACL that, though he had applied for accident claim but he has not received the same as he got the claim on 18.08.2004 whereas he got his policy renewed on 25.05.2004.

2.15. The Committee also note that the petitioner has filed a writ petition no. 6409/06 before the Hon'ble Delhi High Court in April 2006 and the next date of hearing for the same has been fixed by Hon'ble Court on 12.12.2006 with instructions for service of notice to Insurance Regulatory and Development Authority (IRDA) and for filing of reply. The matter is, thus, *sub-judice*.

2.16. The Committee are, however, of the opinion that, if the submissions made by the petitioner that, he had informed the NIACL official about filing of his accident claim and still he was asked to sign the declaration, which he signed, is correct, then his case needs sympathetic consideration. The Committee would, therefore, like the NIACL to enquire into the facts and consider to settle the theft claim of the petitioner after deducting the NCB amount paid to the petitioner if his contention is proved to be correct. Accordingly, Government should take an objective and appropriate view while submitting the case of the petitioner before the Hon'ble High Court.

CHAPTER III

REPRESENTATION FROM SMT. SONIA JAIN, WIDOW OF LATE SHRI NAVIN KUMAR JAIN, SAHARANPUR, U.P. REGARDING APPOINTMENT OF HER SON IN SBI, SAHARANPUR ON COMPASSIONATE GROUNDS

3.1 Smt. Sonia Jain, w/o Late Shri Navin Kumar Jain, House No. 6/1531, New Madho Nagar, Opposite Bhim Ki Chakki, Saharanpur (U.P.) submitted a representation regarding appointment of her son in SBI, Saharanpur on compassionate grounds.

3.2 In the said representation the petitioner has submitted that her husband, Navin Kumar Jain was posted as assistant in State Bank of India, Railway Road Branch, Saharanpur-247001 (U.P.). He died on 26.02.2005. The payments due to him such as Gratuity, P.F., Leave encashment etc. were later on adjusted towards the loans outstanding against him and the job application of her elder son for his compassionate appointment was under process. Meanwhile, the Management of State Bank of India had cancelled the process of providing employment to the dependent of the deceased SBI employee/officer on compassionate ground *vide* circular P&HRD, Sl. No. 158/2005-06, circular No. CDO/84 HRD-PM/28/205-06, dated 04/08/2005 an introduced an *ex-gratia* scheme as its replacement. This circular had become effective from 04.08.05 which is not justified because the State Bank of India has not exempted the pending old cases which were still under process. She has further submitted that keeping in view the financial condition of the family before the death of her husband, if employment is provided to elder son, the financial condition of the family, may be quite good. In case of depriving them employment, even after getting *ex-gratia*, the monthly financial condition of the family does not show much improvement. In that case, it would be difficult for the family to earn livelihood.

The petitioner has, therefore, requested to issue direction to the Chairman, SBI for providing employment to her elder son, keeping in view the financial condition of the family.

3.3. The Committee took up the representation for examination under Direction 95 of the Directions by the Speaker, Lok Sabha. The representation was forwarded to the Ministry of Finance (Department of Economic Affairs—Banking Division) on 17 July, 2006 for furnishing their comments on the issues raised therein.

3.4. In response the Ministry of Finance (Department of Economic Affairs—Banking Division) *vide* their communication dated 10 August, 2006 furnished the following comments:

"On the representation of Smt. Sonia Jain, the State Bank of India has reported that Shri Navin Kumar Jain, Special Assistant in State Bank of India, Saharanpur branch died on 26.02.2005 (Smt. Sonia Jain applied for compassionate appointment of her son in the bank on 05.07.2005. The Model Scheme for payment of *ex-gratia* lump-sum amount *in lieu* of compassionate appointment was circulated by the Indian Banks' Association on 31.07.2004 and the bank has adopted and implemented the same on 04.08.2005. In accordance with para 13 of the Model

Scheme, which provides that all pending applications as on the effective date will be dealt with in accordance with the new Scheme. In such cases, the dependents of the deceased employee(s) has to apply on the prescribed format by giving a fresh application for payment of *ex-gratia* provided they fulfil all the terms and conditions of the Scheme. Since the application for compassionate appointment of son of Late Shri Navin Kumar Jain was pending as on 04.08.2005 (the date on which the bank Adopted and Implemented the Model Scheme), Smt. Sonia Jain was advised to subject a fresh application for payment of *ex-gratia* lump-sum amount *in lieu* of compassionate appointment, the bank sanctioned an *ex-gratia* amount of Rs. 7 lakhs to the family of the Late Shri Navin Kumar Jain which has since been paid to Smt. Sonia Jain on 18.07.2006. In view of the above, the bank has shown its inability to accede to the request of Smt. Sonia Jain for appointment of her son on compassionate grounds in the bank."

3.5 The Committee also took oral evidence of the representative of the Ministry of Finance (Department of Economic Affairs—Banking Division) on 18.09.2006.

3.6. To a query as to if Smt. Sonia Jain was made aware of the fact that in view of compassionate appointment she would be paid *ex-gratia* lump-sum amount. The Ministry in their written reply dated 18.09.2006 submitted:

"Smt. Sonia Jain was apprised of the change in the scheme and she submitted her application on the prescribed format as per the provision of the new scheme for payment of *ex-gratia* lump-sum amount."

Observations/Recommendations

3.7. The Committee note from the above submission that, husband of the petitioner died on 26.02.2005. She applied for compassionate appointment of her son in the bank on 05.07.2005. The Model Scheme for payment of *ex-gratia* lump-sum amount *in lieu* of compassionate appointment was circulated by the Indian Bank's Association on 31.07.2004 and the bank, adopted and implemented the same on 04.08.2005.

8. The Committee also note that in accordance with para 13 of the Model Scheme, which provides that, all pending applications as on the effective date will be dealt with in accordance with the new scheme. In such cases, the dependents of the employee(s) has to apply in the prescribed format by giving a fresh application for payment of *ex-gratia* provided they fulfil all the terms and conditions of the scheme.

9. The Committee note that since the petitioner's application for providing compassionate appointment to her son was pending on 04.08.2005, the date on which the bank had adopted and implemented the Model Scheme, Smt. Sonia Jain was apprised of the same and was requested to fill a fresh application for payment of *ex-gratia* lump-sum amount *in lieu* of compassionate appointment.

10. The Committee further note that Smt. Sonia Jain, has submitted her application on the prescribed format as per the provision of the new scheme for payment of *ex-gratia* lump-sum amount and the bank has sanctioned an *ex-gratia* amount of Rs. 7 lakhs to the family of the late Shri Navin Kumar Jain, which has since been paid to Smt. Sonia Jain on 18.07.2006. In view of the above submission, the Committee do not desire to pursue the case further.

CHAPTER IV

REPRESENTATION FROM SHRI NANDAN PRASAD AND OTHER AGENTS OF DANAPUR OFFICE OF LIC REGARDING GRABBING OF LIC MONEY THROUGH FRAUDULENT DIVERSION OF COMMISSION TO OUTSTATION BRANCH OF LIFE INSURANCE CORPORATION OF INDIA, DANAPUR BRANCH OFFICE UNDER PATNA DIVISIONAL OFFICE, PATNA, BIHAR

4.1 Shri Nandan Prasad & other Agents of Danapur office of Life Insurance Corporation of India (LIC) submitted a representation regarding grabbing of LIC money through fraudulent diversion of Commission of outstation Branch of LIC of India, Danapur Branch office under Patna Divisional office Patna (Bihar).

4.2 In the said representation the petitioners have submitted that:

"Mr. Vinay Kumar, Branch Manager, L.I.C. of India, Branch Number-90-A, Mumbai Divison-IV (Then Branch Manager, Danapur Branch Office) and Mr. Manoj Kumar, Programmer Grade-II, L.I.C. of India, D.P. Department, Patna Divisional Office (Then Programmer Grade-II, L.I.C.I., Danapur Branch Office) in active collaboration with Mr. Mithilesh Kumar, Manager (P&IR), L.I.C. of India, Patna Divisional Office (Then Administrative Officer, D.P. Department, L.I.C. of India, Patna Divisional Office). had diverted, terminated agent's and some other agent's commission of Danapur Branch Office to a dummy agency code number 8475/521, agent's name Ms. Reetu, L.I.C. Colony, Kankarbagh, Patna under Development Officer Mr. Sunil Kumar Prasad, D.O. Code No. 540 of L.I.C. of India, Patna Branch No. 1 and grabbed the invaluable public money of L.I.C. of India with the help of the agent.

The premium amount involved in the above defaultation for a particular month itself is to the tune of Rs. 2.24 lacs, which is bound to increase further upto crores, if properly investigated for the other months, also.

It is important to note such diversion of commission from genuine and terminated agent's code to a fake agent's code is possible only if the masterfile available in usr2/project is manipulated and the agent's code is changed before extraction of commission.

Further, it is important to note that only two officials, the then Branch Manager, Mr. Vinay Kumar and the then Programmer Grade-II Mr. Manoj Kumar were having the required passwords of project, LIC's and root and no other employee in the Branch was in a position to have these passwords.

Thus, it is evident that at the Branch level only two officials were in a position to manipulate the master files to commit the fraud with the help of mastermind of all these manipulations at the Patna Divisional Officers *i.e.* the kingpin of all these frauds, Mr. Mithilesh Kumar under the Patronage of two senior officers who shared the huge amount of fraudulent money, Mr. Vijay Kumar Sharma presently Regional Manager (Marketing), L.I.C.I., Zonal Office, Kolkata (brother of the kingpin of the fraud

Mr. Vinay Kumar) and Mr. Ravi Shankar Prasad, presently Senior Divisional Manager, L.I.C.I., Pune (the then Senior Divisional Manager of Patna Division) who suppressed the enquiry of the fraud.

It is important here to note that the outstation commissions of any Branch Office are bound to be processed and controlled by the D.P. (I.T.) Department of the concerned Divisional Office. Hence, here in the present case, the outstation commission were processed and controlled by the D.P. Department of the Patna Divisional Office, in general and by Mr. Mithilesh Kumar, in particular.

The involvement of Mr. Mithilesh Kumar, Manager (P&IR), and Patna Divisional Office in this particular fraud is evident by the fact that the entire data of 1997, 1998 and 1999 at the Divisional Office, Patna is deliberately lost by Mr. Mithilesh Kumar by over writing on the cartridges containing these date."

4.3. The petitioners have further stated that:

"The matter had already been raised before CVC and Ministry of Public Grievance but these four persons Mr. Vinay Kumar, Mr. Mithilesh Kumar, Mr. Vijay Kumar Sharma and Mr. Ravi Shanker Prasad are so powerful in L.I.C. of India that any enquiry by the internal persons of L.I.C. of India is being suppressed by them and in spite of grabbing the public money of L.I.C. of India to the tune of crores they are being rewarding in place of being punished and also able to save Mr. Manoj Kumar. Thus, it is evident that only an external enquiry (by an authority other than L.I.C. of India) can punish them. Mr. Mithilesh Kumar, Manager (P&IR), L.I.C. of India, Patna Divisional Office himself is sitting over the entire seized evidence and internal investigation report for which he himself is capable by virtue of his post as Manager (P&IR). Hence he has tamed the record.

Mr. Vijay Kumar Sharma, Regional Manager (Marketing) and Mr. Ravi Shankar Prasad, Senior Divisional Manager, L.I.C. of India have taken huge share from the kingpin of the scam Mr. Mithilesh Kumar, Manager (P&IR) in lieu of providing patronage to remain safe from any type of enquiry from any authority.

Mr. Mithilesh Kumar, Manager (P&IR), L.I.C. of India has engineered many similar computer related frauds to the tune of crores during his 5 years tenure as Administrative Officer of Data Processing Department of L.I.C. of India, Patna Divisional Office, Patna,"

4.4. The Petitioners have therefore requested for an early action in the matter so that the mighty people of LIC of India involved in the fraud cannot destroy the evidence and to punish all these fraudulent persons, in order to restore the faith of the people in public sector undertakings.

4.5. The Committee took up the representation for examination under Direction 95 of the Directions by the Speaker. The representation was forwarded to the Ministry of Finance (Department of Economic Affairs—Insurance Division) on 17.07.2006 for furnishing their comments on the issues raised therein.

4.6. In response, the Ministry of Finance (Department of Economic Affairs—Insurance Division) *vide* their communication dated 14.08.2006 furnished their comments.

4.7. As regards getting the matter investigated, the Ministry have submitted that:

"This matter was investigated and the Investigation Report did not establish the involvement of Mr. Vinay Kumar, the then Branch Manager and Mr. Mithilesh Kumar the then AO (DP). LIC had, therefore, closed the case against these officials on the recommendations of the Sr. Divisional Manager."

4.8. The Ministry have further supplemented that:

"On receipt of complaint letter dated 09.03.2001 from some Agents of the Danapur Branch Office, complaining about fraudulent diversion of commission to the Agency of Smt. Ritu, Agency Code No. 8475/521, the said complaints was investigated. The Investigation Report revealed that under 48 policies the commission was diverted to the Agency of Smt. Ritu wrongly by changing the agency code in the Policy Masters at Danapur Branch under Patna Divisional Office. The Investigation Report also revealed that the manipulation was the single-handed act of the then System Administrator of the Branch Shri Manoj Kumar. The Disciplinary Authority felt that no action could be taken against him for the want of documentary or other proof of his involvement. LIC had been following up the matter with its Sr. Divisional Manager, Patna Divisional Office and have now received the final recommendation dated 11.07.2006 from the Sr. Divisional Manager, which is as under:

- To recover the wrong payment of Rs. 39515 from the Agent.
- The agent is already terminated from 21.03.2003 due to Expiry of licence. As such to issue Show Cause Notice to the Agent for Forfeiture of Renewal Commission.
- To initiate Disciplinary action against the Programmer Shri Manoj Kumar, who was mastermind of the manipulation of the Agency Code.

After examining the matter, LIC have advised the Sr. Divisional Manager on 24.07.2006 to issue Show Cause Notice to Smt. Ritu, the Agent, proposing the penalty of forfeiture of Renewal Commission. (Since the Agency stands already terminated with effect from 21.03.2003 for expiry of Agency licence). In respect of Shri Manoj Kumar, Programmer, LIC have advised the Zonal Manager to send the Draft Charge Sheet for approval. LIC have registered a Regular Vigilance Case against Smt. Ritu, Agent and Shri Manoj Kumar, Programmer."

4.9. The Committee also took oral evidence of the representatives of the Ministry of Finance (Department of Economic Affairs—Insurance Division) on 18.09.2006.

4.10. The Committee enquired, when the investigation was started, in response the Chairman, LIC submitted that:

"This complaints is a very old one. This started in 2001. A vigilance case has been registered. So many names have been involved from 2001. Finally we have come to the conclusion that we will be able to charge sheet one person for this."

4.11. The witness further added that, enquiry officers are appointed in these cases. The person against who investigation is done, he is given an opportunity to make his point and place all the proofs in his possession.

4.12. The Ministry *vide* their written reply dated 16.09.2006 also submitted that the Investigation was done internally by appointing their own LIC officer.

4.13. In response to a query as to why no action was taken against the programmer initially for want of evidence, whereas the same could be possible in 2006, the Ministry in their written note submitted that:

"CVO decided to close the case on the basis of Investigation Report submitted earlier. On further follow-up by the Ministry of Finance, the matter was again taken up by Central Office, LIC with Eastern Zonal Office, Kolkata, who in turn decided to institute a fresh investigation of a three member Committee consisting of Secretary (F&A), Manager (IT) and Manager (Sales). On the basis of this report it was decided by the Sr. Divisional Manager, Patna Divisional Office, to charge sheet Sh. Manoj Kumar."

4.14. When enquired about the time required to complete this process, the witness submitted that their direction is to complete it within six months.

4.15. The Committee, when desired to know when the charges have been proved *prima facie*, then why no action has been taken based on this. In response the witness submitted that a show cause notice has been issued on receipt of its reply, a vigilance case has been registered against him and a charge sheet has also been issued to him.

4.16 The Ministry in their subsequent written reply dated 16.09.2006 submitted the latest position as follows:

" In respect of the agent Ms. Ritu, Show Cause Notice dated 22.08.2006 has been issued proposing the penalty of forfeiting of all renewal commission payable to her. In respect of Shri Manoj Kumar, Charge Sheet dated on 30.08.2006 has been issued."

4.17 The Committee pointed out that, when the charges has been proved *prima facie*, then as per the law why the guilty has not been suspended, to which the Chairman, LIC submitted that:

"As per the disciplinary procedures, we do suspension only when a person is in a position to influence the records or do suffer the damage. Otherwise, suspension is not done in a disciplinary proceeding case."

4.18 The Secretary, Ministry of Finance while agreeing to the objections raised by the Committee about the manager in which the matter is being investigated by LIC, submitted before the Committee that:

"I saw it (the complaint) only last week. When I saw it for the first time, I was very dissatisfied with the method in which they had conducted the inquiry. They have zeroed in on only one person. I certainly believe that there must be other people also responsible in their particular case. I have requested the Chairman last week that he must instruct an Executive Director level officer who will go from the corporate office and conduct a thorough inquiry in about three month's time.

Observations/Recommendations

4.19 The petitioners in their representation submitted that Shri Vinay Kumar, the then Branch Manager of Danapur Branch Office and Shri Manoj Kumar, Programmer Grade II, LIC in active collaboration with Shri Mithilesh Kumar, then Administrative Officer, D.P. Department, LIC; Patna Divisional Office had diverted some other agent's/terminated Agent's Commission of Danapur Branch office to a dummy agency code No. 8475/521, agent's name Ms. Ritu under Development Officer Shri Sunil Kumar Prasad, code No. 540 of LIC, Patna Branch No. 1. Such diversion of Commission from genuine and terminated agent's code to a fake agent's code is possible only by manipulating the master file available and changing the agent's code. Shri Vinay Kumar, the Branch Manager and Shri Manoj Kumar, the Programmer were only having the required passwords of project and no other employee in the Branch had access to the same.

4.20 The petitioners also submitted that the matter had already been raised before the Chief Vigilance Officer (CVO), and the Ministry of Public Grievances, but the four persons viz. Shri Vinay Kumar, Shri Mithilesh Kumar, Shri Vijay Kumar, (brother of Shri Vinay Kumar) Sr. Regional Manager (Marketing) and Shri Ravi Shankar Prasad, Sr. Divisional Manager being at influential posts in LIC got the matter suppressed by siezing the evidences and tampering the records by over writing on cartridges containing data of 1997, 1998 and 1999.

4.21 The Committee note that on receipt of the complaint letter dated 09.03.2001 from some Agents of the Danapur Branch Office, complaining about fraudulent diversion of commission to the Agency of Smt. Ritu, Agency Code No. 8475/521, the said complaint was investigated. The Investigation Report revealed that under 48 policies, the commission was diverted to the Agency of Smt. Ritu wrongly by changing the agency code in the Policy Masters at Danapur Branch under Patna Divisional Office. The Investigation Report also revealed that the manipulation was the single-handed act of the then System Administrator of the Branch Shri Manoj Kumar. The Disciplinary Authority felt that no action could be taken against him for want of documentary or other proof of his involvement. LIC had been following up the matter with its Sr. Divisional Manager, Patna Divisional Office and have now received the final recommendation dated 11.07.2006 from the Sr. Divisional Manager, which is as under:—

- To recover the wrong payment of Rs. 39515 from the Agent.
- The agent is already terminated from 21.03.2003 due to Expiry of licence. As such to issue Show Cause Notice to the Agent for Forfeiture of Renewal Commission.
- To initiate Disciplinary action against the Programmer Shri Manoj Kumar, who was mastermind of the manipulation of the Agency Code.

After examining the matter, LIC have advised the Sr. Divisional Manager on 24.07.2006 to issue Show Cause Notice to Smt. Ritu, the Agent, proposing the penalty of forfeiture of Renewal Commission. (Since the Agency stands already terminated with effect from 21.03.2003 for expiry of Agency licence). In respect of Shri Manoj Kumar, Programmer, LIC have advised the Zonal Manager to send the Draft Charge Sheet for approval. LIC have

registered a Regular Vigilance Case against Smt. Ritu, Agent and Shri Manoj Kumar, Programmer.

4.22 The Committee are dismayed, to note that, despite the fact that, the investigation Report had revealed that under 48 policies the commission was diverted to the Agency of Smt. Ritu by wrongly changing the agency code in the Policy Masters at Danapur Branch under Patna Divisional Office, the Disciplinary Authority or the CVO did not think of getting the matter investigated by some outside agency, instead decided to take no action against the System Administration, of the Branch Shri Manoj Kumar for want of documentary or other proof of his involvement. The Committee, therefore, take serious note of the casual approach adopted by the Sr. Divisional Manager (Danapur Office), officers of the Disciplinary Authority/CVO and recommend to seek explanation from them for being so lenient in conducting an inquiry and giving benefit of doubt to the System Administrator despite the established fact that the fraud had been committed at Danapur office.

4.23 The Committee further note that the CVO decided to close the case on the basis of Investigation Report submitted earlier. However, on further following up by the Ministry of Finance, the matter was again taken up by Central Office, LIC with Eastern Zonal Office, Kolkata, who in turn decided to institute a fresh investigation. The Committee note with surprise that on consistent following up of the matter by LIC, the Sr. Divisional Manager, Patna Divisional office gave its final recommendation dated 11.07.2006 to recover the wrong payment of Rs. 39515 from Smt. Ritu, Agent and to issue show cause notice to her proposing the penalty of forfeiture of Renewal Commission; and issued chargeheet to Shri Manoj Kumar on 30.08.2006 only when the matter has been seized by the Committee on Petitions, Lok Sabha.

4.24 Considering the gravity of the act, the Committee are not satisfied that the matter has been investigated by the Disciplinary Authority/Sr. Divisional Manager, Patna. The Committee are of the opinion that the Sr. Divisional Manager in its final recommendation took action against only two persons *viz.* Shri Manoj Kumar and Smt. Ritu that too after almost five years instead of getting the matter inquired by some impartial outside agency, just to evade pressure from the LIC/the Ministry of Finance.

4.25 The Committee, strongly agree with the submission made by the Secretary, Ministry of Finance while tendering evidence before the Committee that:—

"I was very dissatisfied with the method in which they had conducted the inquiry. They have zeroed in on only one person, I certainly believe that there must be other people also responsible in this particular case. I have requested the Chairman, LIC last week that he must instruct on Executive Director level officer who will go from the Corporate Office and conduct a thorough enquiry in about three month's time."

4.26 The Committee, while agreeing with the submission made by the Secretary strongly recommend that the matter be inquired into by an outside agency instead of an LIC official and take action against the guilty officials also who tried to suppress the facts and safeguard the interest of the culprits. The Committee would like to be apprised of the action taken in the matter within three months after presentation of the Report.

CHAPTER V

REPRESENTATION FROM SHRI OM PRAKASH, WORKING PRESIDENT AND OTHER, ISSP (CNP STAFF UNION NASIK, MAHARASHTRA AND COUNTERSIGNED BY SHRIDHARMENDRAPRADHAN, MP, REGARDING CORPORATISATION OF SECURITY PRINTING PRESSES, GOVERNMENT OF INDIA MINTS AND SECURITY PAPER MILL INTO ONE CORPORATION NAMED AS THE SECURITY PRINTING AND MINTING CORPORATION OF INDIA

5.1 S/Shri Om Prakash, working President and Ashok L. Patil, General Secretary, ISP/CNP Staff Union, Nashik Road, Maharashtra has submitted a representation countersigned by Shri Dharmendra Pradhan, MP regarding corporatisation of the Security Printing Presses, Government of India Mints and Security Paper Mill into one corporation named as the Security Printing and Minting Corporation of India.

5.2 In the said representation, the petitioners submitted as follows:—

"We have received news by Press Release dated 02.09.2005 of Press Information Bureau, Government of India that on 02.09.2005, the Cabinet had given approval for setting up the Security Printing and Minting Corporation of India under the aegis of the Department of Economic Affairs; the release had gone on to elaborate the salient features such as overall improvement in decision-making process, operational flexibility, efficiency and higher productivity in the Units etc. But, it is necessary to point out that nowhere is it mentioned regarding security Measures of the products related to our Nation. Needless to say, the convenient overlooking of this fact is going to cause a lot of harm to the Nation, because it is very apparent that the Nation's interests will be compromised by paving the way for Corporatisation. The existing units have so far carried out their function with quality consciousness and there is enormous awareness for fostering efficiency and higher productivity. In fact, most of the Units are being managed very well with proper attention being paid to incorporation of Security features, as per the recommendations of the Expert Committee set up by the Ministry. In fact, the operations conducted in the Units are of sophisticated nature and the investment of the Government is raking in profits for the Indian State. Besides, there is optimum utilization of machine, manpower and raw materials in these Units.

These Organizations, nine in all are engaged in the Sovereign function of Government of India, which are of prime Security concern to the Nation. Whilst the Presses at Nashik and Dewas are involved in the printing of currency and Bank Notes, production of Watermarked Paper for various Denominations of Currency Notes, MICR Cheques, Judicial and Non-Judicial Stamps, Saving Instruments etc. is being done meticulously in security Paper Mill, Hoshangabad; the Security Presses at Nashik and Hyderabad are involved in the production of more than 700 Security-related products including in the production of more than 700 Security-related products including printing of Passports, Commemorative Stamps, Public Postage Stamps, Revenue Stamps, Fiscal and Adhesive Stamps, Share Transfer, Visa Stickers, Emigration Clearance Certificates, etc. The

Government of India Mints have for long been producing Minted coins of various Denominations for public use. Thus, overall, all these Units play a vital role in building the economy and keeping the National interest in mind."

5.3 The petitioners further submitted:—

"The Registered and recognized Staff Union of all the Units have not been consulted at all regarding such a step on the anvil, as proposed by the Government. Our considered opinion is that we cannot and should not compromise with the Nation's Security with an unilateral view to make profits. Corporatisation will lead to privatization and eventually will lead to the destruction of the nation's economic security and the Government is taking a high risk by continuing the aforementioned agenda without acknowledging the terrible consequences of those decisions. There are more effective means for inculcating discipline and improving the efficiency of the workforce. As these Units are the backbone of the Indian Economy hence their vital interests cannot be tinkered with."

5.4 The petitioners, therefore requested to kindly advise the cabinet to review its decision taken in this regard and keep the status of these units under C&C Division of the Ministry of Finance, Government of India as it is.

5.5 The representation was taken up for examination by the Committee Under Direction 95 of the Directions by the Speaker. The representation was forwarded to the Ministry of Finance (Department of Economic Affairs) on 17.07.2006 for furnishing their comments on the issues raised therein.

5.6 In response, the Ministry of Finance (Department of Economic Affairs) *vide* their O.M. dated 25.07.2006 furnished following comments:—

"The Expenditure Reforms Commission (ERC) in their 3rd report dated 23.12.2000 while giving a set of nine recommendations concerning India Government Mints and Presses, suggested exploration of the option of placing India Security Press (ISP), Nashik and four India Government Mints under a corporate body.

There are four Security Presses, one Security Paper Mill and four India Government Mints. These units are engaged in production of security grade paper, coins and printing of currency notes, stamps and non-judicial stamp papers.

The main constraints in the existing system of keeping these units as Government entities were low productivity, obsolete technology, outdated financial systems and procedures, besides delay in responding technologically to the challenges of counterfeiting. All the above, in combination, were resulting in inefficient capacity utilization and consequential higher cost of production."

Accountability fostering efficiency and higher productivity in the units. As a sequel, the corporatisation process would result in reduction of Government expenditure in terms of managing the units besides inculcating efficiency through rationalization of operational hassles and flexibility in employing advanced technology. This could result in bringing down the actual cost of production leading to relatively lower budgetary support from the Government.

5.7 The Ministry have further stated:—

"The Union Cabinet in its meeting held on 2nd September, 2005 approved the proposal for setting up of a wholly owned corporation (Security Printing and Minting Corporation of India) with limited liability. The Corporatisation process would result in overall improvement in decision making process, operational flexibility coupled with commensurate Corporatisation of the units under a unified corporate will enable the management to take appropriate and timely decisions for manpower deployment, improving financial performance and fixing of performance and productivity standards. The manpower and managerial deployment will be optimized (with retraining wherever necessary) and promotion policies, rewards and remuneration structure be linked with the performance and productivity.

The decision to corporatise the Mints/Presses is based on the need for greater efficiency and faster decision making. The thinking is to have a wholly owned corporation without diluting any holding of the Government.

Whereas the sovereign function relating to design, security features etc. of currency notes and coins will remain with the Government, the operational aspects of printing and minting would be transferred to the newly formed Corporation."

5.8. Regarding safeguarding of the interests of the workers and employees the Ministry have submitted that, some of the decisions that come to effect to fully protect the interest of workers are:—

- (i) The service conditions of the workers and employees in the new Corporation would not in any way be less favourable than those accruing now.
- (ii) There shall be no retrenchment of the existing staff.
- (iii) The pension of the existing staff will be fully protected and Government shall bear the liability for the same.

5.9 The Ministry finally concluded that all aspects pertaining to corporatisation were fully examined in consultation with concerned Ministries before the Government took this decision.

5.10 The Committee took oral evidence of the representatives of the Ministry of Finance (Department of Economic Affairs) on 18.09.2006

5.11 When asked about the latest position in the matter, the witness submitted as follows:—

"This company has since been converted into a corporation *w.e.f.* 13.1.2006 by an Act and all the assets of the company have already been transferred to the Corporation *w.e.f.* 10.02.2006."

5.12 When asked if there were any talks with the Union, the witness replied:—

"Talk is on with the Union and on the other side a Committee has been constituted. The sitting of the Committee is being held today to discuss the demands of the Union. As per the agreement reached with the Union, there has been no strike or no resentment shown since the corporatisation came into being.

Therefore, we are of the view that the Union is satisfied with the way talks are going on."

Observations/Recommendations

5.13 The Committee note from the above submissions that there are four Security Presses, one Security Paper Mill and four India Government Mints. These units are engaged in production of security grade paper, coins and printing of currency notes, stamps and non-judicial stamp papers. The Expenditure Reforms Commission (ERC) in their 3rd report dated 23.12.2000 recommended for exploration of the option of placing India Security Press (ISP) Nashik and four India Government Mints under a corporate body.

5.14 The Committee also note that the Union cabinet in its meeting held on 02.09.2005 approved the proposal for setting up of a wholly owned corporation (Security Printing & Minting Corporation of India) with limited liability. The company has since been converted into a corporation *w.e.f.* 13.01.2006 by an Act and all the assets of the company have been transferred to the corporation *w.e.f.* 10.02.2006.

5.15 The Committee note with satisfaction that the Government have sought to safeguard the interests of the workers and employees by deciding that—

- (i) the service conditions of the workers and employees in the new corporation would not in any way be less favourable than those accruing now.
- (ii) there shall be no retrenchment of the existing staff.
- (iii) the pension of the existing staff will fully be protected and government shall bear the liability for the same.

5.16 The Committee also note that the Government are having talks with the Union and an agreement has been reached with the Union. The Committee are satisfied to note that there has been no strike or no resentment shown by the Unions since the corporatisation came into being. In the circumstances, the Committee conclude that the concern of the petitioners has effectively been met. However, the Committee desire that the Government should continue to safeguard the interests of the employees and workers in consultation with the registered and recognized staff Unions of all the units to be corporatised. The Committee would like to be apprised of the further action taken in the matter.

CHAPTER VI

REPRESENTATION FROM SHRI PRAFUL KUMAR SINGH, DISTT. NALANDA, BIHAR AND COUNTERSIGNED BY S/SHRI VIJOY KRISHNA, GANESH PRASAD SINGH & SITA RAM SINGH, MPs REQUESTING FOR HIS PERMANENT ABSORPTION IN LIC

6.1 Shri Praful Kumar Singh, Guard, posted at office of LIC of India, Bihar Sharif resident of village Dekpura, PS Rahui, Distt. Nalanda, Bihar submitted a representation countersigned by S/Sh. Vijoy Krishna, Ganesh Prasad Singh and Sita Ram Singh, MPs. requesting for his permanent absorption in LIC.

6.2 In the said representation, the petitioner stated that he had been posted in the Life Insurance Corporation of India in Bihar Sharif as a Guard Gun Man through a private organization namely Ex-Serviceman Security, Patna. He had been working since 05-05-2000. On a request of an Hon'ble Member of Parliament to LIC of India to absorb him permanently, on the same post in LIC, the Ministry of Finance replied that, "your services are being provided to LIC of India through a Security agency for which the corporation makes payment to agency. Since, you have not been included in the salary statement of the corporation even on temporary basis, the corporation is not your employer". According to them, the demand of the petitioner for regularisation of his services in LIC was not justified.

The petitioner, therefore, requested that he may be given justice and be included on the salary role of LIC as a regular employee so the said post.

6.3 The representation was taken up for examination by the Committee Under Direction 95 of Directions by the Speaker, Lok Sabha. The representation was forwarded to the Ministry of Finance (Department of Economic Affairs—Insurance Division on 17.07.2006 for furnishing their comments on the issues raised in the representation.

6.4 In response, the Ministry of Finance (Department of Economic Affairs—Insurance Division) *Vide* their O.M. dated 14.08.2006 furnished the following comments:—

"Life Insurance Corporation of India (LIC) has reported that the services of Shri Praful Kumar Singh in LIC, as Guard Gun Man has been provided by the Private Ex-serviceman Security Agency, Patna for which the payment has been made to the said Agency by LIC. As the services of Shri Praful Kumar Singh has been hired through Private Agency, it is not possible to accede to his request for permanent absorption in LIC."

6.5 When asked if the services of all the Guard Gun Man in LIC are being rendered by the Private Security Agency, the Ministry in their written note dated 16.09.2006 submitted that there is no permanent post of Guard Gun Man in LIC. Wherever required, the services of security guards are hired from Private Security Agency.

6.6 The Committee took oral evidence of the representatives of the Ministry of Finance (Department of Economic Affairs—Insurance Division) at their sitting held on 18.09.2006.

Observations/Recommendations

6.7 The Committee note that the petitioner was working as Guard Gun Man in Life Insurance Corporation of India at Bihar Sharif, Nalanda, Bihar through a private organization namely, Ex-Servicemen Society, Patna since 05.04.2006.

6.8 The Committee also note that there is no permanent post of Guard Gun Man in LIC. Wherever required, the services of Security Guards are hired from a private security agency, for which payments are made to the said agency by LIC.

6.9 In view of the foregoing, the Committee are of the view that, since the petitioner was not employed with LIC, even on temporary basis, his request for absorbing him in LIC on the same post of Guard Gun Man cannot be acceded to. The Committee would, therefore, not like to pursue the matter further.

NEW DELHI;
18 December, 2006

27 Agrahayana, 1928 (Saka)

PRABHUNATH SINGH,
Chairman,
Committee on Petitions.

MINUTES OF THE FORTY FOURTH SITTING OF THE COMMITTEE ON
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Monday, 18th September, 2006 from 1400 hrs. to 1640 hrs. in Committee Room No. 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

Shri Anant Gangaram Geete

Shri Mohan Jena

Shri Wangyuh W. Konyak

Shri Kishan Singh Sangwan

Shri Mansukhbai Dhanjibhai Vasava

Shri Paras Nath Yadav

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri A.K. Singh — *Director*

WITNESSES

MINISTRY OF URBAN DEVELOPMENT

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MINISTRY OF HUMAN RESOURCES DEVELOPMENT

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DELHI DEVELOPMENT AUTHORITY

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GOVT. OF NCT OF DELHI

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MINISTRY OF PETROLEUM AND NATURAL GAS

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MINISTRY OF FINANCE

(Department of Economic Affairs, Banking Division)

Shri Vinod Rai — *Special Secretary (FS)*

Shri Amitabh Verma — *Joint Secretary (BO)*

Shri G.C. Chaturvedi	—	Joint Secretary (B&I)
Shri J.S. Bhattacharya	—	MD (SBI)
Shri K. Bhattacharya	—	GM, RBI, Mumbai
Shri J.S. Vijayan	—	Chairman, LIC
Shri A.C. Verma	—	Dy. MD, SBI
Shri Abhijit Dutta	—	Dy. MD, SBI
Shri Rajiv Lal	—	DGM
Shri N.K. Singh	—	DGM, New India Assurance Co. Ltd.

(Department of Economic Affairs)

Dr. K.P. Krishnan	—	JS
Shri Arvind Mayaram	—	JS
Shri M.S. Sahoo	—	Director (SM)
Dr. Shashank Saksena	—	Director (PR)
Shri Amarjeet Singh	—	GM (SEBI)
Shri Achal Singh	—	AGM (SEBI)
Shri S.K. Sharma	—	AGM (SEBI)

(Department of Revenue)

Shri K.M. Chandrashekhar	—	Secretary (Revenue)
Shri V.P. Singh	—	Chairman (CEEC)
Shri Bhargava	—	Member (Inv.) CBCT
Shri A. Biswas	—	Res. Mgr. The News India Asso. Com.

**BIHAR STATE COOPERATIVE BANK
(BIHAR GOVERNMENT)**

Shri Gopal Krishna	—	Joint Registrar cum MD
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2. At the outset, the Chairman welcomed the Members of the Committee which was reconstituted on 25th August, 2006.

3. Thereafter, the Chairman welcomed the representatives of the Ministry of Urban Development, Ministry of Human Resource Development and Ministry of Finance and drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 which clearly stipulates that the Committee shall also meet as often as necessary to consider representations, letters, telegrams from various individuals, associations etc. which are not covered by the rules relating to petitions and give directions for their disposals.

4.**

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5. The representatives of the Ministry of Urban Development and Ministry of Human Resource Development then withdrew and representatives of the Ministry of Finance took their seats.

6. Thereafter, the Committee took oral evidence of the representatives of the Ministry of Finance on the following representations:—

- (i) ** ** ** **
- (ii) ** ** ** **
- (iii) ** ** ** **
- (iv) Representation from Shri S. Nagendra Swamy, Mysore, Karnataka requesting for consideration for appointment/promotion of hearing Handicapped person to the grade of Inspector of Central Excise (Group 'C').
- (v) Representation from Shri Jai Shakar Singh, Harinagar, Ashram, New Delhi and countersigned by Shri Rajiv Ranjan Singh, MP, regarding complaint against the Insurance Company.
- (vi) Representation from Shri Nandan Prasad and other Agents of Danapur Office of LIC regarding grabbing of LIC money through fraudulent diversion of commission to outstation Branch of Life Insurance Corporation of India, Danapur Branch Office under Patna Divisional Office, Patna, Bihar.
- (vii) Representation from Shri Om Prakash, working president and other, ISSP/ CNP Staff Union Nashik, Maharashtra and countersigned by Shri Dharmendra Pradhan, MP, regarding corporatisation of the Security Printing Presses, Government of India Mints and Security Paper Mill into one corporation named as the Security Printing and Minting Corporation of India.
- (viii) Representation from Smt. Sonia Jain, widow of late Shri Navin Kumar Jain, Saharanpur, UP regarding appointment of her son in SBI, Saharanpur on compassionate ground.
- (ix) Representation from Shri Praful Kumar Singh, Distt. Nalanda, Bihar countersigned by S/Shri Vijoy Krishna, Ganesh Prasad Singh and Sita Ram Singh, MPs requesting for his permanent absorption on LIC.
- (x) ** ** ** **

I. Representation from Shri S. Nagendra Swamy, Mysore, Karnataka requesting for consideration for appointment / promotion of hearing Handicapped person to the grade of Inspector of Central Excise (Group 'C').

The Committee discussed about the latest position regarding promotion of handicapped people for the post of Inspector of Central Excise (Group 'C').

II. Representation from Shri Nitin Agarwal of Bareilly (UP) and countersigned by Kunwar Sarva Raj Singh, MP regarding cancellation of LIC Agency.

** ** ** **

III. Representation from Sarvashri S.P. Gupta and P.K. Dhingra regarding to investigate various frauds being committed by VLS Finance Limited.

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IV. Representation from Shri Kameshwar Prasad Singh and countersigned by Shri Vijoy Krishna, MP, against closure of Chapra Central Cooperative Bank, Chapra, Bihar.

(vii) ** * * * *

V. Representation from Shri Jai Shankar Singh, Harinagar, Ashram, New Delhi and countersigned by Shri Rajiv Ranjan Singh, MP, regarding complaint against the Insurance Company.

The Committee discussed about the vehicle insurance settlement claim made by the petitioner.

VI. Representation from Shri Nandan Prasad and other Agents of Danapur Office of LIC regarding grabbing of LIC money through fraudulent diversion of commission to outstation Branch of Life Insurance Corporation of India, Danapur Branch office under Patna Divisional Office, Patna, Bihar.

The Following issues/points were discussed by the Committee:—

- (iii) filling of chargesheet against conducting enquiry for diversion of the commission in the account of some other agent.
- (iv) action taken against the officials found guilty.

VII. Representation from Shri Om Prakash, working president and other, ISSP/ CNP Staff Union, Nashik, Maharashtra on countersigned by Shri Dharmendra Pradhan, MP, regarding corporatisation of the Security Printing Presses, Government of India Mints and Security Paper Mill into one Corporation named as the Security Printing and Minting Corporation of India.

The Committee discussed about the progress made in corporatisation procedure of the security printing press and mints and settlement with its union.

VIII. Representation from Smt. Sonia Jain, widow of late Shri Navin Kumar Jain, Saharanpur, UP regarding appointment of her son in SBI, Saharanpur on compassionate ground.

The following issues/points were discussed by the Committee:—

- (iii) replacement of compassionate appointment scheme in banks by payment of one time lumpsum gratuity to the family of the deceased.
- (vi) settlement of the case of the petitioner after acceptance of the gratuity amount.

IX. Representation from Shri Praful Kumar Singh, Distt. Nalanda, Bihar countersigned by S/Shri Vijoy Krishna, Ganesh Prasad Singh and Sita Ram Singh, MPs requesting for his permanent absorption in LICs.

The Committee considered and discussed about the regulation of the services of Gangman in LIC and after submission made by the Ministry that, the petitioner was working in the security of a private out sourcing company and not LIC, the Committee decided to drop the matter and not pursue it further.

X. Representation from Shri Shailesh Jain, Agent, the New India Insurance Company Limited regarding harassment of Development Officers and Agents by General Insurance Company by forcing them not to accept third party Insurance.

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7. The Committee asked the witness to sent the replies on points or demands which were not supplied or readily available with them during the evidence, within, the stipulated period.

(The Witnesses then withdrew.)

8. A copy of the verbatim proceedings of the sitting of the Committee was kept on record.

(The Committee then adjourned.)

MINUTES OF THE FORTY-NINTH SITTING OF THE COMMITTEE ON PETITIONS
(FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Monday, the 18th December 2006 from 1500 hours to 1630 hours in Chairman's Room No. 45(II) Ground Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

1. Shri Shingada Damodar Barku
2. Shri N.S.V. Chitthan
3. Shri Mohan Jena
4. Shri C. Kuppusami
5. Shri Dharmendra Pradhan
6. Shri Kishan Singh Sangwan
7. Shri Jyotiradita M. Scindia

SECRETARIAT

1. Shri A.K. Singh — *Director*
2. Shri U.B.S. Negi — *Under Secretary*

2. The Committee considered the draft Twentieth, Twenty First, Twenty Second and Twenty Third Reports and adopted the same.

3. The Committee also authorised the Chairman to finalise and present the same to the House.

(The Committee then adjourned.)